

# INSTRUCTIONS

## 2011 FORM 740

### Do You Have to File a Kentucky Return?

If you were a Kentucky resident for the entire year, your filing requirement depends upon your family size, modified gross income, Kentucky adjusted gross income and income from self-employment. You must file if your modified gross income exceeds the amount in Chart A and your Kentucky adjusted gross income exceeds the amount in Chart B.

*Complete your federal tax return first. If you are not required to file a federal tax return, see instructions for Line 5.*

#### MODIFIED GROSS INCOME AND FAMILY SIZE (Use With Chart A)

**Family Size**—Consists of yourself, your spouse if married and living in the same household and qualifying children. For the purposes of computing the Family Size Tax Credit, the maximum family size is four.

**Qualifying Dependent Child**—Means a qualifying child as defined in Internal Revenue Code Section 152(c), and includes a child who lives in the household but cannot be claimed as a dependent if the provisions of Internal Revenue Code Section 152(e)(2) and 152(e)(4) apply. In general, to be a taxpayer's qualifying child, a person must satisfy four tests:

- **Relationship**—The taxpayer's child or stepchild (whether by blood or adoption), foster child, sibling or stepsibling, or a descendant of one of these.
- **Residence**—Has the same principal residence as the taxpayer for more than half the tax year. A qualifying child is determined without regard to the exception for children of divorced or separated parents. Other federal exceptions apply.
- **Age**—Must be under the age of 19 at the end of the tax year, or under the age of 24 if a full-time student for at least five months of the year, or be permanently and totally disabled at any time during the year.
- **Support**—Did not provide more than one-half of his/her own support for the year.

**Modified Gross Income**—Modified gross income is the greater of federal adjusted gross income adjusted to include interest income derived from municipal bonds (non-Kentucky) and lump-sum pension distributions not included in federal adjusted gross income; **or** Kentucky adjusted gross income adjusted to include lump-sum pension distributions not included in federal adjusted gross income.

#### Chart A

If Your <b>Family Size</b> is:	Your <b>Modified Gross Income</b> is greater than:
One.....	<b>and</b> .....\$10,890
Two.....	<b>and</b> .....\$14,710
Three.....	<b>and</b> .....\$18,530
Four or More .....	<b>and</b> .....\$22,350

#### KENTUCKY ADJUSTED GROSS INCOME (Use Chart B if Modified Gross Income is Greater Than the Amounts in Chart A)

**Kentucky Adjusted Gross Income**—Consists of your federal adjusted gross income plus any additions and subtractions from Schedule M, Modifications to Federal Adjusted Gross Income.

#### Chart B

If Your <b>Filing Status</b> is:	Your <b>Kentucky Adjusted Gross Income</b> is greater than:
Single Person— Under age 65.....	<b>and</b> ..... \$ 3,280
Single Person— Age 65 or over or blind.....	<b>and</b> ..... \$ 5,280
Single Person— Age 65 or over and blind.....	<b>and</b> ..... \$ 6,550
Husband and Wife— Both under age 65.....	<b>and</b> ..... \$ 4,280
Husband and Wife— One age 65 or over .....	<b>and</b> ..... \$ 5,950
Husband and Wife— Both age 65 or over .....	<b>and</b> ..... \$ 7,050

**TAXPAYERS WITH SELF-EMPLOYMENT INCOME**—Must file a Kentucky individual income tax return regardless of the amount of Kentucky adjusted gross income used in the Chart B if you have gross receipts from self-employment in excess of modified gross income for your family size in Chart A.



**TIP:** Even though the filing requirements are not met, an income tax return must be filed to claim a refund of the Kentucky taxes withheld.